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Austrian political leaders have attacked the USIA retail businesses repeatedly. The Minister of Justice has made clear that Austrians found guilty of evading customs and excise by dealing with USIA will be punishable under Austrian law. The Soviet authorities themselves have shown some signs of embarrassment at this branch of their activities. After the first two years its expansion slowed down considerably. A strong trade union protest against USIA shops remaining open until ten o'clock at night was followed by their compliance with normal closing hours.

In fact, Soviet policy in Austria, in spite of its ruthless economic exploitation of the country, has shown repeatedly a capacity for compromise and the unexpected conciliatory gesture. The Austrian Government has been firm, bold, and insistent in the assertion of its rights, and the Soviet authorities have shown themselves to be very sensitive to public criticism, especially on issues in which popular privileges have been involved. In spite of everything, the impression remains that the Soviet Government has never entirely forgotten the importance of considering its reputation with the Austrian people.

On the economic side, the best example of the flexibility of Soviet policy is provided by the attitude of the Russians towards the navigation of the Danube.

The importance of the Danube to Austria as a means of communication requires no emphasis. Between the Wars the ownership of the Danube Shipping Company, the largest concern engaged in Danube traffic, was shared between the Federal Government, the Credit Anstalt Bank, and various Italian interests, the majority of the shares being held in Austria. As the Austrian holdings came under German control during the War, in February 1946 the Soviet authorities assumed ownership of the company, and at the same time took possession of two smaller companies. The Western Powers pointed out that these assets were of doubtful ownership and that the companies operated in more than one zone. They maintained therefore that the whole subject should be

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727 505 471 considered in the Allied Council. But the Soviet representative refused to discuss the matter, and the Russians proceeded to take over all the property and installations of the Danube Shipping Company in Eastern Austria and South-east Europe.

727 505 During the fighting in Austria the greater part of the company's shipping was destroyed, but about 40 per cent of it managed to reach Linz, mostly in very poor condition. There it remained under American protection, and during the early post-War years the company concentrated on putting the remnant of its fleet in order. Owing to the Russian attitude, river traffic ceased between Upper Austria and Vienna, and such ships as were available were employed on the stretch between Linz and South Germany. The freight carried by the company between Linz and Regensburg in 1950 reached a total volume of 690,000 tons, the cargoes consisting mainly of Ruhr coal for the VÖEST works, pig-iron, sheet metal, timber, and grain.

The first Russian concession in the direction of opening up the Danube appears to have been made from ulterior motives. After its breach with the Soviet Union, Yugoslavia was in a strong position as regards Danube navigation, because, at the Iron Gates, it could control river traffic between the Russian satellite States, if it so wished, just as Russia controlled traffic between Vienna and the West. Yugoslavia's freedom of navigation was therefore ensured, and in 1950 it started a service between Belgrade, Vienna, and Regensburg. To provide rivalry for Yugoslav ships the Soviet authorities in Austria began to issue licences for Austrian barges to travel between Vienna and Linz. During 1951 more than 73,000 tons of oil were carried in Austrian vessels from Vienna to Linz, and a smaller quantity of grain in the same way from Regensburg to Vienna. Cargoes for the year carried by Austrian ships on the Danube amounted to more than a million tons.

In June 1952 the Soviet High Commissioner informed the Federal Chancellor that, in the interests of the Austrian people and in order to improve Austria's economic position, navigation on the Danube within the Russian zone would hence-

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forth be free. On the 12th of July the first passenger ship travelled between Linz and Vienna. In September an agreement was made between Austria and Hungary for the resumption of river traffic between the two countries in which each was to share equally. The reasons for these further concessions can only be surmised. But the motives almost certainly went beyond rivalry with Yugoslavia. One purpose may have been to please Austrian opinion. Another reason was probably a belated realization of the wastefulness of previous Soviet policy. The contrast between the enterprising developments in Western Austria and the economic deterioration of the Russian zone was becoming increasingly clear, and could only have a damaging effect on Soviet prestige.

Russia's attitude regarding the Danube, however, cannot be regarded as characteristic. The most hopeful indication for Austria's future is that the Soviet economic policy within Austria appears to be based on short-term considerations. The ruthless exploitation of the oil-fields and the failure to invest capital in the USIA enterprises both point in the same direction. It is a measure of Austria's economic suffering at Soviet hands that comfort has to be drawn from exploitation and neglect.

471 some federal ministries as well as the reorganization
655 of the sphere of action of others), is being taken care of by the federal ministry for traffic and nationalized enterprises, the administration of the nationalized commercial banks falls within the competence of the Federal Ministry of Finance. The nationalization comprises:

[453] 1.) The large banks (Creditanstalt-Bankverein, Oesterreichische Länderbank AG, and Hypotheken- u. Kreditinstitut);

[327] 2.) The most important enterprises of the iron and steel industry (Oesterreichische Alpine Montangesellschaft, Vereinigte Oesterreichische Eisen- und Stahlwerke A. G., Linz, Schoeller-Bleckmann Stahlwerke A. G., Vienna, Gebrüder Böhler u. Co., A. G., Vienna);

[316] 3.) The most important coal mines (Wolfsegg-Traunthaler Kohlenbergwerke A.G., Linz, Steirische Kohlenbergwerke A.G., Vienna, Lankowitzer Kohlen-Compagnie, Vienna, etc.);

[392] 4.) A number of important enterprises of the
[393] electric and machine manufacturing industry (AEG-Union Elektrizitätsgesellschaft, Vienna; Simmering-Graz-Pauker A. G. für Maschinen-, Kessel- und Waggonbau, Vienna, etc.);

5.) The Oesterreichische Stickstoffwerke A. G., Linz;

[316] 6.) The most important non-ferrous mining enterprises (Bleiberger Bergwerks-Union, Klagenfurt; Montanwerke Brixlegg Ges. m.b.H., Brixlegg; Kupferbergbau Mitterberg, Mühlbach am Hochkönig; Aluminiumwerk Mattighofen-Ranshofen);

● [505] 7.) The Erste Donau Dampfschiffahrtsgesellschaft, Vienna;

[377] 8.) The large enterprises producing electric power; and, finally,

[315] 9.) The enterprises for the exploitation of crude oil.

With the enacted legislation the ownership-rights (re: corporations) or the assets and liabilities of certain enterprises (limited companies, etc.) or plants (branch establishments of enterprises located abroad) became the property of the Republic of Austria. This in turn implied also the transfer of the administration of the nationalized enterprises to the Austrian government, provided that such enterprises were not located within the Russian zone (USIA establishments) and therefore beyond Austrian control. The enforcement of the nationalization, however, is not completed because: